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India

**GGI**  
INDEPENDENT MEMBER

**RNM ALERT**  
**FEBRUARY**  
**NEWSLETTER**

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**Celebrating World Water Day (22nd March)**

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# EDITORIAL

## Dear Readers

During the month of February 2024 our CEO, Mr. Raghu Marwah met with Mr. Watchara Tumnuksetchai, MD, AAC Audit Corp in Bangkok, Thailand at their office to discuss cooperation in audit and accounting matters between India and Thailand. He also travelled to the Mumbai office to meet the clients, team and commemorate one year of the establishment of the RNM office in Mumbai. He was also during the month present at the London office to meet the team and pitch for new opportunities. But the most memorable trip during the month was the visit to the Golden Temple, Amritsar to pay thanks to the Lord for his grace.

On the Direct Tax front, the saga of Section 43B(h) of the Income Tax Act, 1961 which was inserted by the Finance Act 2023 and comes into effect from April 1, 2024 is continuing. As per the said new provision, in case payment to an MSME is delayed beyond 15 days if no time limit is specified and if specified cannot exceed 45 days, then such expense shall be disallowed. There were representations made to the Government by the traders that the provision should be deferred to 2025, however, given that the full Union Budget is likely in July 2024, no relaxation prior thereto is possible.

On the Corporate front, the Securities market regulator SEBI has now announced that any Draft offer document that is not clear and complete may be returned back. This would avoid the to-and-fro correspondence between the Issuer and Regulator and thereby increase efficiencies. Given that the pace of IPOs has picked up tremendously, this is also likely to ease the backlog of pending approvals.

On the assurance front, the ICAI has issued a revised edition of its implementation Guide on Audit Trail requirements for Companies using Accounting Software. As per the Guide 'each and every' transaction forming part of the books of accounts of every Company without any relaxation for SMEs must have an audit trail feature in their accounting software with effect from 1 April 2023. In simple terms, if a transaction has been entered in a back date or modified subsequently there would be a log to identify and trace such transactions. This is a welcome step to enhance transparency in accounts.

We would like to take this opportunity of wishing all our readers a happy Holi on 25th March. On this day when we celebrate colors, love and spring, we hope that the life of all our readers is filled with joy.

**U N Marwah**  
**Chairman - RNM India**

# Direct Tax



## Important Judicial Precedents

### **1. Jayant Nanda VS. Union of India, [2024] 159 taxmann.com 674 (Delhi)**

Where based on a search at the premises of the assessee, NRI, it was alleged that assessee had indulged in evading disclosure of a large amount of undisclosed foreign assets/income in offshore jurisdictions and LOC was issued against the assessee, since the assessee had not been called for investigation by authorities for two years, and in absence of any material which indicated that assessee was likely to be called for investigation in near future, Look Out Circular (LOC) opened against assessee was to be quashed.

### **2. Varun Sood VS. ACIT, [2024] 159 taxmann.com 606 (Delhi)**

Merely because a person holds an office in a corporate entity, it would not be sufficient to place that individual in clause (b) of section 2(35); he must be connected with management and administration of the company

### **3. Smt. Bhavnaben K. Punjani VS. PCIT [2024] 159 taxmann.com 650 (Rajkot - Trib.)**

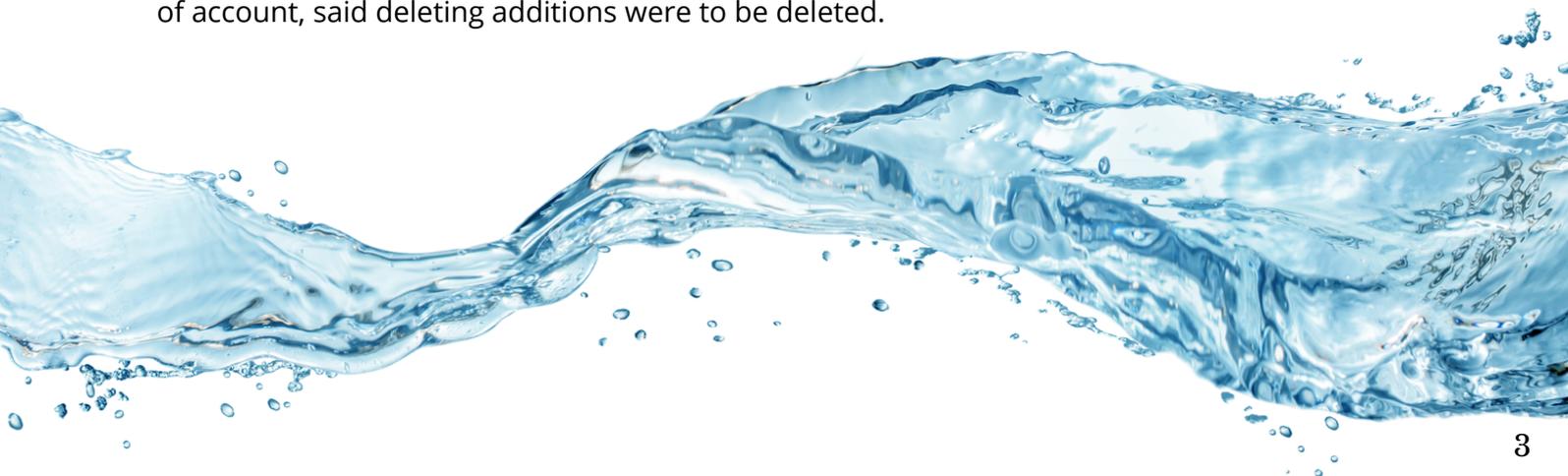
Where the assessee expired when the assessment order was being framed and in absence of any specific statutory provision under Income-tax law that requires legal heirs to intimate the Department about the death of the assessee, the assessment order could not be held to be valid only for reason that legal heirs of the deceased assessee had not informed about the death of assessee, and thus, said assessment order could not be revised by taking recourse to 263 proceedings.

### **4. Apeejay Surrendra Management Services (P.) Ltd. VS. DCIT [2024] 159 taxmann.com 609 (Kolkata - Trib.)**

Where the assessee received a loan from a company and said company and assessee had a common shareholder who was in a position to control affairs of both the lender company and receiver concern, deeming provisions of section 2(22)(e) would be attracted in hands of common shareholder and not assessee-concern.

### **5. Forum Sales (P.) Ltd. vs. PCIT, (Central)-1; [2024] 160 taxmann.com 93 (Delhi)**

Where AO made additions to income of assessee on account of unaccounted profit, disallowance of expenses and inflated purchases, since AO was provided with requisite bills, vouchers and addresses of transacting parties, however he did not make any effort to confirm veracity of alleged bogus or inflated bills, in view of said facts AO could not make addition on account of bogus or inflated expenses on estimate basis without rejecting books of account, said deleting additions were to be deleted.



**6. SAIC Motor Overseas Intelligent Mobility Technology Co. Ltd. vs. ACIT [2024] 159 taxmann.com 779 (Delhi – Trib.)**

Where assessee, a company incorporated in China, supplied software to an Indian company for granting of licence to incorporate software into head which is supplied from outside India and get fitted into cars and claimed it as non-taxable under India-China DTAA, since assessee had only supplied a standard/off the shelf software to Indian company and had not transferred copyright/right to use copyright of software, impugned receipts would not fall within scope of Article 12(3) of India-China DTAA to be taxed as royalty income, yes [Para 11.5 and 12][In favour of assessee].

**7. Kamal Enterprises and New Life Hospital VS. Deputy Commissioner of Income-tax, Circle-9(1) [2024] 160 taxmann.com 39 (Hyderabad - Trib.)**

Within six months from end of month in which Appellate Tribunal passed orders, Assessing Officer became functus officio and he had no jurisdiction to pass second penalty order beyond period prescribed under section 275(1), therefore, Assessing Officer having passed second penalty order beyond period prescribed under section 275(1), said order was to be set aside.



# Indirect Tax



## **GST Calendar –Compliances for the month of February 2024.**

<b>Nature of Compliances</b>	<b>Due Date</b>
<b>GSTR-8 (Tax Collected at Source 'TCS')</b>	<b>March 10, 2024</b>
<b>GSTR-1</b>	<b>March 11, 2024</b>
<b>IFF- Invoice furnishing facility (Availing QRMP)</b>	<b>March 13, 2024</b>
<b>GSTR-6 Input Service Distributor</b>	<b>March 13, 2024</b>
<b>GSTR-2B (Auto-Generated Statement)</b>	<b>March 14, 2024</b>
<b>GSTR-3B</b>	<b>March 20, 2024</b>
<b>GSTR-5 (Non-Resident Taxable Person)</b>	<b>March 20, 2024</b>
<b>GSTR-5A (OIDAR Service Provider)</b>	<b>March 20, 2024</b>
<b>PMT-06 (who have opted for the QRMP scheme)</b>	<b>March 25, 2024</b>

## **Madras HC-100 % Penalty cannot be imposed if Show Cause Notice is issued under section 73**

### **Facts:**

- K.S. Janarthanam ("the Petitioner") is a civil works contractor registered under Central Goods and Service Tax Act 2017 on common portal of GST. The Petitioner received a notice in Form GST-ASMT-10 pertaining to discrepancies in returns filed by the Petitioner. Thereafter, the Petitioner was issued a notice under Section 73 of the TNGST Act.
- Subsequently, the Revenue Department passed Assessment Order dated September 4, 2023 ("the Impugned Order") against the Petitioner wherein 100 percent penalty was imposed.
- Aggrieved by the Impugned Order, the Petitioner filed a writ petition before the Hon'ble Madras High Court.

### **Issue:**

Whether Penalty could be imposed at 100 percent when Show Cause Notice is issued under Section 73 of TNGST Act?

### **Ruling:**

- The Hon'ble Madras High Court in W.P. No. 1848 of 2024 held as under:
- Opined that, the Impugned Order is required to be interfered with as 100 percent penalty is imposed on the SGST dues when notice is issued under Section 73 of the TNGST Act.
- Held that, the Impugned Order is quashed, thereby disposing the writ petition.
- Directed that, the matter is remanded back to Assessing Officer for re-consideration with respect to the penalty imposed under the Impugned Order.

### **Relevant Provision:**

- Section 73(9) of the TGST Act:  
"Section 73: Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason other than fraud or any wilful-misstatement or suppression of facts.  
(9) The proper officer shall, after considering the representation, if any, made by person chargeable with tax, determine the amount of tax, interest and a penalty equivalent to ten per cent. Of tax or ten thousand rupees, whichever is higher, due from such person and issue an order?"

## **GSTN Issues Important Advisory on Enhanced E-Invoicing Initiatives and Launches Enhanced E-Invoice Portal**

The GSTN issued Advisory No. 624 dated February 21, 2024 on the occasion of one year of the successful going live with the additional five new IRP portals, the e-invoice master information portal, and the e-invoice QR Code Verifier app, announces the launch of the revamped e-invoice master information portal <https://einvoice.gst.gov.in>. This enhancement is part of ongoing effort to further improve taxpayer services. New Features of the revamped E-Invoice Master Information Portal are as follows:

- PAN-Based Search: Users can check the e-invoice enablement status of entities using their Permanent Account Number (PAN) in addition to search with GSTIN.

- Automatic E-invoice exemption List: The portal now automatically publish updated list with all GSTINs that have filed for e-invoice exemptions at the start of the month and is available for users to download.
- Global Search Bar: A comprehensive search tab has been introduced that allows for quick access to the information across the portal.
- Local Search Capabilities: Enhanced search functionality within advisory, FAQ, manual, and other sections for efficient information access.
- Revamped Advisory and FAQ Section: Now organized year-wise and month-wise for easier reference, offering comprehensive guidance.
- Daily IRN Count Statistics: The portal now includes statistics on the daily Invoice Reference Number (IRN) generation count.
- Dedicated Section on Mobile App: Information and support for the e-invoice QR Code Verifier app are readily available.
- Improved Accessibility Compliance and UI/UX: Adhering to the GIWG guidelines, the portal now offers improved features such as contrast adjustment, text resizing buttons, and screen reader support for enhanced accessibility.
- Updated Website Policy: The website policy has been thoroughly updated including the website archival policy, content management & moderation policy, and web information manager details. The Office of the Pr. Commissioner of Customs (NSI) vide Public Notice No. 13/2024 dated February 23, 2024 has issued a procedure for filing and processing of Bill of Entry amendment requests.

In the past year alone, more than 1.6 crore e-invoices were reported through the new IRPs, demonstrating the robustness and efficiency of the system. Furthermore, GSTN has introduced an internal e-invoice comprehensive health dashboard to further enhance monitoring of the e-invoice ecosystem. As a result of these improvements in the GSTN E-Invoicing System, today we have:

- Expansion of IRP Portals: Today, GSTN operates a total of six IRP portals through its partners, running robustly alongside the centralized de-duplication system.
- E-Invoicing Reporting Accessibility: All taxpayers who are eligible for e-invoicing can report e-invoices through any of these six IRP portals. The reporting can be done online, via APIs, or through a mobile app, all free of cost, making the process accessible and convenient for taxpayers nation-wide.
- Hourly Auto population of e-invoices in GSTR-1 from new IRPs. Additionally, we are working with NIC-IRP to enable hourly auto-population of e-invoices in GSTR-1 reported on the NIC-IRP 1&2 portal.
- E-invoice download for past six months for both buyers and sellers via e-invoice portals and G2B APIs.
- E-invoice QR code verifier App for verification of e-invoice, and search IRN functionality for online verification of IRN.

## **Business Transfer Agreements having a non-compete clause cannot be classified as Declared Service for demanding Service Tax**

The Hon'ble CESTAT, Bangalore, in the case of Naveen Chava v. Commissioner of Central Tax [Service Tax Appeal No. 20013 of 2021 dated January 30, 2024], held that in the current case, no evidence establishes that a substantial portion of the agreement refers to the obligations that are to be followed by the Appellants. Further, if any payment has been made for an independent activity of tolerating an act under an independent arrangement, such payments will not constitute 'consideration.' Therefore, business transfer agreements ("BTA") entered by the Appellants having a non-compete clause cannot be classified as Declared Service under Section 66E (e) of the Finance Act, 1994 ("the Finance Act") for demanding Service Tax.

### **Facts:**

Naveen Chava and Others ("the Appellants") were engaged in designing integrated sheets/circuits for the telecom industries. They entered into a BTA of a going concern as a whole with M/s. Altran Technologies India Pvt. Ltd. ("M/s. Altran") on July 27, 2020. They agreed to sell, transfer, grant, assign, and deliver to M/s. Altran all their rights, title, and interests with respect to the business as a going concern, free and clear from all encumbrances on a slump sale basis as defined in Section 2(42C) of the Income Tax Act, 1961 ("the IT Act").

The Director General of Goods and Service Tax Intelligence ("the DGGI") investigated and alleged that the activities of agreeing to refrain from certain activities for 2 years were required to be treated as a Declared Service. Thereafter, a Show Cause Notice dated December 19, 2019 ("the Impugned SCN") was issued to the Appellants wherein it was alleged that the services provided by the Appellants to M/s. Altran fall under the category of Service under Section 66E (e) of the Finance Act. Thereafter, the Adjudication Authority ("the Respondent") passed an Order dated August 28, 2020 ("the Impugned Order") and confirmed the demand of Service Tax and penalty on the Appellants.

Hence, aggrieved by the Impugned Order, the present appeal was filed by the Appellants.

### **Issue:**

Whether the BTA entered by the Appellant had a non-compete clause can be classified as Declared Service for demanding Service Tax?

### **Held:**

The Hon'ble CESTAT, Bangalore in Service Tax Appeal No. 20013 of 2021 held as under:

- Observed that, as per the facts, the business transfers carried out by the Appellants were related to an ongoing concern and as per the Notification No. 25/2012-Service Tax dated June 20, 2012 ("the Exemption Notification"), service by way of transfer of a going concern is fully exempt from all of the Service Tax leviable thereon. In the current case, no evidence establishes that a substantial portion of the agreement refers to the conditions/obligations to be followed by the Appellants, like non-compete clauses, performance guarantee for two years, etc., for which they have received consideration of INR 1,06,79,67,816/- as held by the Respondent.

- Opined that, non-compete clauses are normal in transfer of business and their condition cannot be separated from the contract that ended between the parties to bring the transaction under the ambit of Service Tax by denying the benefit of the Exemption Notification.
- Relied on, *Ishikawajma Harima Heavy Industries v. Director of Income Tax, Mumbai* [2007 (3) SCC 481] wherein it was held that in construing a contract, the terms and conditions thereof are to be read as a whole. A contract must be construed keeping in view the intention of the parties. No doubt, the applicability of the tax laws would depend upon the nature of the contract, but the same should not be construed keeping in view the tax provisions.
- Relied on, *M/s. Universal Medicare Pvt. Ltd. v. C.C.E. & S.T.*, [Service Tax Appeal No. 11161 of 2017-DB dated June 02, 2019] wherein the Tribunal held that an agreement has to be interpreted as per the language and intention of the parties to such agreement. Once an ongoing concern is transferred along with assets and liabilities by paying a huge amount, it is obvious that if such a non-compete clause is absent, the Appellants could immediately start the same business.
- Held that, the CBIC vide Circular No. 178/10/2022 dated August 03, 2022 clarified that under Service Tax, the GST demand unless payment has been made for an independent activity of tolerating an act under an independent arrangement entered into for such activity of tolerating an act, such payments will not constitute 'consideration.' Hence, such activities do not constitute "supply".
- Therefore, the appeal was allowed, and the Impugned Orders were set aside.



# Statutory Audit



# COMPONENT ACCOUNTING OF DEPRECIATION

## Definition

As per note 4 Schedule II to the Companies Act, 2013 -“Useful life specified in Part C of the Schedule is for whole of the asset. Where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part shall be determined separately.”

- As per the amendment dated August 29, 2014 notified by the MCA, the said requirement shall be voluntary in respect for the financial year commencing on or after the April 1, 2014 and mandatory for financial statements in respect of financial years commencing on or after April 1, 2015.
- Under ‘component accounting’, companies will need to identify and depreciate significant components with different useful lives separately
- The component approach is already allowed under current AS 10, paragraph 8.3. Under AS 10, there seems to be a choice in this matter; however, the Schedule II requires application of component accounting mandatorily when relevant and material.

Component accounting is required to be done for the entire block of assets as at 1 April 2014 if a company opts to follow it voluntarily and as at 1 April, 2015 mandatorily. It cannot be restricted to only new assets acquired after 1 April 2014 or 1 April, 2015 as the case may be.

## Provisions related to components accounting

As component accounting was until now not mandatory in India, it is possible that the separate cost of each significant component of an asset is not available in the books of accounts. In order to determine the cost of such component following criteria can be used:

- Break up cost provided by the vendor
- Cost break up given by internal/external technical expert
- Current replacement cost of component of the related asset and applying the same basis on the historical cost of asset

## Procedure steps

### Step 1: Identify the significant components of a PP&E item

To apply the component approach, it is necessary to identify the significant parts of an asset. IAS 16 specifies two different types of components: (1) a physical component and (2) a non-physical component that represents a major inspection or overhaul.

Component accounting for inspection or overhaul costs is intended to be used only for major expenditures that occur at regular intervals over the life of an asset and last more than one period; this is referred to as ‘planned major maintenance’ under US GAAP. Costs associated with routine repairs and maintenance are expensed as incurred.

### Step 2: Determine the cost of the components

Each component is measured at cost at initial recognition, which can create many practical issues. Assets are usually purchased for a single sum without knowing the cost of the individual components.

In our view, the cost of the individual components should be estimated either with reference to current market prices (if possible), in consultation with the seller or contractor, or using some other reasonable method of approximation (e.g. relative values).

Other complexities arise in determining the implicit cost of a major inspection or overhaul, and in allocating the total costs to the different components when the underlying asset comprises a number of physical and non-physical components (e.g. major inspection or overhaul).

### Step 3: Depreciate each component separately

The components identified in Step 1 are depreciated separately over their respective useful lives in a manner consistent with their pattern of consumption. However, regardless of the components identified for an underlying asset, on the balance sheet the respective carrying amounts are all presented within the single line item, PP&E.

### Step 4: Replace the components

The remaining carrying amount of a component that is replaced by a new component is derecognized. However, any amount written off is included in depreciation instead of being classified as a loss on disposal. We believe the extra depreciation is in effect a revision of the estimated useful life of the component. Costs associated with replacing items not identified as component are expensed as incurred.

### **Example**

Let's say the machine part is \$150,000 with a useful life of 10 years .it also has a cylinder for \$25000 and a compressor for \$25000 each which must be replaced every 5 years. the ,machine, cylinder and compressor will all be depreciated separately over each of their useful lives

### **Challenge of applying component approach**

Identifying each component and the required data, such as the date purchased and the original cost, can be challenging. This will particularly be true for companies engaging in capital intensive businesses and transitioning to IFRS. The detailed recordkeeping needed to apply the component approach may not have been required under the company's current GAAP



# Corporate Finance



## Reliance, Disney to Merge India Media Assets to Create \$8.5 Bn Powerhouse

Mukesh Ambani led Reliance Industries and Walt Disney announced the merger of their India TV and streaming media assets, creating an \$8.5 billion entertainment juggernaut far ahead of rivals in the world's most populous nation. Largest Indian conglomerate will inject \$1.4 billion in the merged entity, with the company and its affiliates holding a more than 63% stake, with Disney owning the rest. The merger values the India business of the US entertainment giant at just around \$3 billion, far lower \$15 billion valuation when Disney acquired it as a part of its Fox deal in 2019. Together, the Reliance-Disney merged entity will have 120 TV channels and two streaming platforms, plus TV and streaming cricket rights for key tournaments in a country with a crazy following for the sport. Transaction valued the merged entity at around \$8.5 billion on a post-money basis.

## Private Equity

### Temasek Sells Minority Stake in Manipal Hospitals to Mubadala, Others

Singapore state investment firm has cut its stake in Manipal Health Enterprises, less than a year after taking control of India's second largest hospital chain. Temasek has sold an 8% stake to a consortium of new investors including Mubadala Investment Company, Novo Holdings, and the California Public Employees Retirement System (CalPERS).

(Source: VC Circle, 5th February 2024)

### Hillhouse Acquires Singapore's Incorp from TA Associates

Global alternative investment firm Hillhouse Investment has acquired Singapore-based corporate solutions and business advisory firm Incorp. Financial details for the transaction have remained undisclosed. This acquisition is a strategic move and will enable Hillhouse to further accelerate growth, expand service capabilities and capitalize on new acquisition opportunities in both Asia Pacific and Europe.

(Source: VC Circle, 8th February 2024)

### Premji Invest, GIC Invest in Health Products Distributor

Singapore sovereign wealth fund GIC, India's Premji Invest and private equity investors in India joined a bunch of other investors to put in a sum of USD 86.2 million (around INR 716 crore) in Faridabad-based distributor of healthcare products Entero Healthcare Solutions Ltd. GIC invested INR 166.7 crore while Premji Invest provided INR 43 crore. Other investors who took part in anchor investment round included Morgan Stanley, Goldman Sachs, CLSA Global, a few mutual funds and insurance companies.

(Source: VC Circle, 9th February 2024)

### Temasek Bets On Indian Financial Services Company

Singapore state investment firm has picked up nearly 8% stake in mutual fund distributor Prudent Corporate Advisory Services Ltd for USD 49 million (around INR 406 crore). Temasek bought the stake from TA Associates who had acquired a 39.91% stake in July 2018 for INR 250 crore.

(Source: VC Circle, 13th February 2024)



## **Edelweiss PE Fund Leads \$25.3 Mn Funding In Rentomojo**

Bengaluru-based furniture rental startup Rentomojo has raised \$25.3 million (around INR 210 crore) led by Edelweiss Financial Services' private equity fund Edelweiss Discover Fund-1. Existing investors venture capital firm Chiratae Venture and Rajeev Chitrabhanu's advisory lead investment platform Magnetic also participated in this round.

(Source: VC Circle, 17th February 2024)

## **Venture Capital**

### **Deeptech Startup Algorithmic Biologics Secures Pre-Series A Funding**

Deeptech startup Algorithmic Biologics Pvt Ltd (AlgoBio) has raised \$2.5 million (around INR 20.7 crore) in a pre-Series A funding round led by Bharat Innovation Fund. The round also saw participation from existing investor Axilor Ventures.

(Source: VC Circle, 3rd February 2024)

### **Snap-E Cabs Raises Early Stage Funding**

Ride-hailing application Snap-E Cabs has secured early stage funding. Startup has raised \$2.5 million (around INR 20.7 crore) in a pre-Series A round led by Inflection Point Ventures (IPV). It will use the funding to develop its technology stack, expand presence across geographies and hire talent.

(Source: VC Circle, 5th February 2024)

### **Gaja Capital Leads \$21 Mn Funding Round in Amber**

Student accommodation platform Amber has raised \$21 million (around INR 175 crore) led by Gaja Capital in its latest funding round, which also saw participation from venture debt platforms Lighthouse Canton and Stride Ventures.

(Source: VC Circle, 12th February 2023)

### **Mufin Green Finance Snags \$17 Mn in Fresh Equity Round**

Listed non-banking financial player Mufin Green Finance Ltd has raised \$17 million (around 140 crore) in a Series B round, from leading family offices. The funding will help non-bank lender scale up business operations in the down west region of India.

(Source: VC Circle, 6th February 2024)

### **Fireside Backed Petcare Startup Supertail Snags Series B Cheque**

Petcare startup Supertails has raised \$15 million (around INR 125 crore) in a Series B round led by RPSG Capital Ventures, the early-stage venture capital arm of the RP-Sanjiv Geonka Group. Existing investors Fireside Ventures, Saama Capital, DSG Consumer Partners and Sauce VC also joined the round.

(Source: VC Circle, 13th February 2024)

## **Mergers & Acquisitions**

### **Gokaldas Exports to Acquire Apparel Business of Matrix Clothing**

Apparel exporter Gokaldas Exports Ltd has entered into an agreement to acquire the apparel business of Matrix Clothing Pvt Ltd for an enterprise value of \$59 million (around INR 489 crore). Gokaldas Exports will get 100% stake in Matrix Design & Industries Pvt Ltd under the agreement that also includes a share swap deal.

(Source: VC Circle, 2nd February 2024)

## **Apparel Maker SP Apparel to Acquire Bannari Amman's Intimate Wear Arm**

Apparel manufacturer SP Apparel has agreed to acquire textile company Bannari Amman Spinning Mills' intimate wear subsidiary Young Brand Apparel for a consideration of \$26.7 million (around INR 223 crore). It will acquire Young Brand Apparel Pvt Ltd, Bannari's garment unit located at Palladam in Tamil Nadu.

(Source: VC Circle, 5rd February 2024)

## **Kunal Shah's Cred to Buy VC-Backed Investment Platform Kuvera**

Serial entrepreneur Kunal Shah's fintech startup Cred has agreed to buy mutual fund platform Kuvera for a mix of cash and stock. Financial details of this transaction were not disclosed. The deal will help Cred compete with the likes of Zerodha and Tiger global backed fintech unicorns-Upstox and Groww.

(Source: VC Circle, 6th February 2024)

## **Mufin Green Finance Expects \$40 Mn Cap Boost from LKP Finance Acquisition**

Electric vehicle financing company Mufin Green Finance has agreed to acquire listed non-banking financial company LKP Finance Ltd. The New Delhi based lender will acquire 45.32% in LKP. The transaction will bring additional \$40 million (around INR 340 crore) of equity capital into the firm.

(Source: VC Circle, 13th February 2024)

## **Redcliffe Labs-Owned Medicentre Acquires Diagnostic Lab in Rajasthan**

Medicentre Sonography & Clinical Labs has acquired Prime Sonography & Diagnostics Centre in Kota, an integrated diagnostics laboratory that offers pathology and radiology services. Redcliffe Labs counts venture capital firm Chiratae Ventures and impact investor LeapFrog Investments among its backers. Financial details of the transaction remain undisclosed.

(Source: VC Circle, 22th February 2024)

# Transaction & Regulatory Advisory Services



In this edition we have tried to bring to your notice the latest amendments that followed in the month of February, 2024 issued by MCA, RBI, SEBI, IBBI and others

## **MCA** **(Ministry of Corporate affairs)**

### **The Ministry of Corporate Affairs (MCA) has notified the Companies (Registration Offices and Fees) Amendment Rules, 2024**

The Registrar of the Central Processing Center is empowered to examine or cause to be examined every application or e-Form or document required or authorized to be filed or delivered as provided under Section 396(3), for approval, registration or taking on record by the Registrar. The Registrar of the Central Processing Center shall exercise jurisdiction all over India in respect of the examination of application, e-Forms.

To read more:

<https://www.mca.gov.in/bin/dms/getdocument?mds=TC5liKr%252B0SpGVt5U%252BSzj%252Bw%253D%253D&type=open>

### **Deployment and usage of Change Request Form (CRF) on MCA-21**

Change Request Form (CRF) has been made available on V3 portal for the convenience of users of MCA-21 services. This web-based Form is to be used only under exceptional circumstances, for making a request to Registrar of Companies (ROCs), for the purposes which cannot be catered through any existing form or services or functionality available either at Front Office level (users of MCA-21 services) or Back Office level (ROCs). This Form should also not be used as a substitute for any approval related and registration related queries for which existing tickets and help desk facilities must be used.

To read more:

<https://www.mca.gov.in/bin/dms/getdocument?mds=Gdp7pwkWmPucgX1GlBvdSw%253D%253D&type=open>

## **IBBI** **(Insolvency and bankruptcy Board of India)**

### **The IBBI has amended the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016**

To streamline the Corporate Insolvency Resolution Process (CIRP), and to ensure financial transparency and accountability, it mandatory to have a separate bank account for each real estate project under a corporate debtor. With an aim to increase transparency and reduce disputes over valuation related issues, the amendment provides for explaining the valuation methodology to the members of the COC before the computation of estimates.

To read more:

<https://ibbi.gov.in/uploads/legalframework/88458173f47fbda03d775370a420f307.pdf>

### **Deposit and withdrawal of unclaimed dividends and / or undistributed proceeds in accordance with regulation 39 of the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017.**

It is clarified that to facilitate the request received from a stakeholder, under regulation 39(7), who claims to be entitled to any amount deposited into the Corporate Voluntary Liquidation Account for withdrawal before the dissolution of the corporate person, the liquidator shall apply to the Board for the release of the amount for onward distribution to the stakeholders.

To read more:

<https://ibbi.gov.in/uploads/legalframework/e0eb050c966002846267b7ef7e9fd5de.pdf>

## SECURITIES LAWS AND CAPITAL MARKET

### **Centralization of certifications under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) at KYC Registration Agencies (KRAs)**

Based on feedback received from stakeholders in securities market, and for ease of doing business and compliance reporting, it is decided that the intermediaries, who are RFI, shall upload the FATCA and CRS certifications obtained from the clients onto the system of KRAs.

To Read More:

[https://www.sebi.gov.in/legal/circulars/feb-2024/centralization-of-certifications-under-foreign-account-tax-compliance-act-fatca-and-common-reporting-standard-crs-at-kyc-registration-agencies-kras-\\_81583.html](https://www.sebi.gov.in/legal/circulars/feb-2024/centralization-of-certifications-under-foreign-account-tax-compliance-act-fatca-and-common-reporting-standard-crs-at-kyc-registration-agencies-kras-_81583.html)

## MISCELLANEOUS

### **PFRDA (Pension Fund Regulatory and Development Authority) notifies amendments to National Pension System Trust (NPST) and Pension Fund Regulations for Good Governance**

The amendments to NPS Trust Regulations simplify the provisions related to appointment of Trustees, their terms and conditions, holding of meetings of Board of Trustees and appointment of CEO. The amendments in key areas aim at simplification and reducing compliance.

To read more:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2007600>

# UK Tax Update Report



# Spring Budget 2024 Overview

## Introduction

Chancellor Jeremy Hunt's recent budget strategically addresses pressing economic challenges, demonstrating a commitment to stimulating growth and navigating a rapidly evolving financial landscape. From nuanced adjustments in VAT thresholds to targeted measures supporting creative industries and environmental initiatives, the budget serves as a comprehensive response to the complexities of our economic terrain. This overview sets the stage for a detailed exploration of the impactful fiscal changes introduced under Chancellor Hunt's administration.

## Personal Tax

Chancellor Hunt's budget introduces impactful changes:

**NIC Rates:** Starting April 6, 2024, Class 1 employee NICs reduce by 2p to 8%. Class 4 NICs for self-employed earners drop by 3p to 6%. A consultation aims to abolish Class 2 NICs.

**High Income Child Benefit Charge:** From April 6, 2024, the threshold rises to £60,000, with a tapered charge between £60,000 and £80,000. A potential shift to a household-based system is under consideration from April 2026.

**Non-Domiciled Individuals:** Commencing April 6, 2025, the tax regime shifts to a residence-based model. Those in the UK for more than four years pay UK tax on foreign income, with a four-year relief for new arrivals.

**Capital Gains Tax and Financial Measures:** From April 6, 2024, the higher rate decreases from 28% to 24%. The Furnished Holiday Lettings tax regime concludes on April 6, 2025. Enhanced transparency for pension funds and new UK ISA and British Savings Bonds are introduced.

**Childcare, Inheritance Tax, and Administrative Reforms:** Hourly rates for "free" childcare hours rise, and legislation in the Spring Finance Bill 2024 addresses anti-avoidance measures. From April 1, 2024, personal representatives no longer require commercial loans for Inheritance Tax payments.

## Business Tax

**Capital Allowances and Creative Industries Boost:** Full expensing permanence for plant and machinery investments is solidified. Plans to extend full expensing to leased assets are pending. Over £1 billion in new tax reliefs for creative industries, including business rates relief for film studios, an Independent Film Tax Credit, and extended tax relief for cultural institutions.

**Reserved Investor Fund and Investment Zones Programme Expansion:** Introduction of the Reserved Investor Fund for institutional investors, legislated in the Spring Finance Bill 2024. Investment Zones extended to ten years in Scotland and Wales, with details on the Northern Ireland Investment Zone to follow.

**Energy Profits Levy and R&D Tax Reliefs:** Extension of the Energy Profits Levy until March 2029. Establishment of an expert panel to streamline R&D tax reliefs administration.

## Indirect Tax and Other Measures

Fiscal Updates: VAT, Duties, and Regulatory Reforms:

VAT Registration Threshold: Increased to £90,000 from April 1, 2024.

Fuel Duty and Alcohol Duty: Unchanged for 12 months, sustaining the temporary 5p cut and halting the planned inflation-linked increase.

Vaping Products and Tobacco Duty: Introduced from October 1, 2026, with varied rates. A one-off tobacco duty increase from the same date.

Air Passenger Duty and Landfill Tax: Non-economy class rates of Air Passenger Duty rise from 2025-26. Landfill tax rates for 2025-26 were adjusted to better reflect actual RPI.

Other Fiscal Measures: Consideration of OBR's review findings on the VAT Retail Export Scheme and industry representations. The difference in duty rates for road fuel gas and diesel maintained until 2032. Consultation on the July 2023 High Court ruling impacting the VAT treatment of private hire vehicles.

Carbon Border Adjustment Mechanism (CBAM): Detailed consultation expected in 2024, with implementation from January 1, 2027.

Additional Measures: Tax Administration and Maintenance Day on April 18, 2024. Abolition of Multiple Dwellings Relief from June 1, 2024. Investment in HMRC's capacity to collect tax debts. Introduction of a Crypto-Asset Reporting Framework from 2026. Consultation on raising standards in the tax advice market.

## Conclusion

In reflection, Chancellor Jeremy Hunt's budget reveals a comprehensive strategy aimed at promoting economic resilience and adaptability. Notable adjustments in VAT thresholds and duty rates, coupled with visionary measures supporting creative industries and environmental responsibilities, highlight the government's commitment to addressing immediate economic concerns. As we delve into the intricacies of these fiscal policies, it becomes apparent that they lay the foundation for a sustainable and responsive financial framework in the years ahead. The implications of these decisions on businesses, consumers, and the broader economic ecosystem will unfold in the coming months.

# Tax Calendar



# March 2023 - Tax Calendar

**7TH MARCH**

Due date for deposit of Tax deducted/collected for the month of February, 2024

**14TH MARCH**

Due date for issue of TDS Certificate for tax deducted under section 194-IB, 194-IA, 194M, and 194S in the month of January, 2024

**15TH MARCH**

Fourth instalment of advance tax for the assessment year 2024- 25

**31TH MARCH**

Last date of filing updated ITR u/s 139(8A) for the AY 2021-22



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